

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

Application of Duke Energy Carolinas, LLC
for Approval of Energy Efficiency Plan Including an
Energy Efficiency Rider and Portfolio of Energy
Efficiency Programs

DOCKET
NUMBER: 2007-358-E

(Please type or print)

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigatio
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input checked="" type="checkbox"/> Other: Rebuttal Testimony: James E. Rogers
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-358-E

In re:)	
Application of Duke Energy Carolinas, LLC)	REBUTTAL TESTIMONY OF
For Approval of Energy Efficiency Plan)	JAMES E. ROGERS FOR
Including an Energy Efficiency Rider and)	DUKE ENERGY CAROLINAS
Portfolio of Energy Efficiency Programs)	

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SIGNATURE, OF THE E-FILED COPY SUBMITTED
TO THE COMMISSION IN ACCORDANCE WITH ITS
ELECTRONIC FILING INSTRUCTIONS.***

1 **Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH DUKE**
2 **ENERGY CORPORATION.**

3 A. My name is James E. Rogers, and my business address is 526 South Church Street,
4 Charlotte, North Carolina. I am Chairman, President and Chief Executive Officer of
5 Duke Energy Corporation (“Duke Energy”), the parent of Duke Energy Carolinas,
6 LLC (“Duke Energy Carolinas” or the “Company”). I am a director and an officer
7 of Duke Energy Carolinas.

8 **Q. HAVE YOU PREVIOUSLY FILED DIRECT TESTIMONY IN SUPPORT**
9 **OF DUKE ENERGY CAROLINAS’ APPLICATION IN THIS DOCKET?**

10 A. Yes, I have.

11 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
12 **PROCEEDING?**

13 A. The purpose of my rebuttal testimony is to address two statements made by the
14 Southern Environmental Law Center (“SELC”), Southern Alliance for Clean Energy
15 (“SACE”), Coastal Conservation League (“CCL”), and Environmental Defense
16 (“ED”) (collectively, “SELC”) Witness Nichols that incorrectly characterize the
17 Company’s Energy Efficiency Plan as “radical.”

18 **Q. PLEASE ADDRESS WITNESS NICHOLS’ MISCHARACTERIZATION OF**
19 **THE COMPANY’S “SAVE-A-WATT” MODEL.**

20 A. On page 4 of SELC Witness Nichols’ testimony, he writes that Duke Energy
21 Carolinas “proposes a *radical* departure from established principles of cost-based
22 ratemaking.” [Emphasis added.] Later on page 8, lines 17-18 of his testimony, Mr.

1 Nichols states that Duke Energy Carolinas' "*radical* proposal would turn decades of
2 accepted utility industry practice and regulatory logic upside-down." [Emphasis
3 added.] I respectfully suggest that this type of demagoguery of the Company's
4 Energy Efficiency Plan is unhelpful. This should be a debate about ideas and what
5 we need to do as utilities, consumers, and regulators to realize real energy efficiency
6 gains in this country. Has Duke Energy Carolinas introduced a new and innovative
7 approach to pursuing energy efficiency? Yes. Is it radical? No.

8 **Q. HOW WOULD YOU CHARACTERIZE THE COMPANY'S ENERGY**
9 **EFFICIENCY PLAN?**

10 A. I would characterize our save-a-watt recovery model as an innovative, creative, and
11 "fundamentally different approach." This latter phrase is how Edison Electric
12 Institute ("EEI") President Tom Kuhn referred to it when he presented Duke Energy
13 with EEI's prestigious Advocacy Excellence Award for the company's leadership in
14 promoting energy efficiency with customers and employees at the federal, state, and
15 local levels. I have attached as Exhibit No. 1 to my rebuttal testimony the press
16 release issued by Duke Energy when it received this award earlier this month.

17 **Q. WHY DO YOU BELIEVE A DIFFERENT APPROACH IS NEEDED?**

18 A. As I stated in my direct testimony, current regulatory approaches to utility-sponsored
19 energy efficiency programs fail to truly put energy efficiency on par with supply-
20 side options. Save-a-watt levels this playing field and eliminates the utility's
21 natural incentive to focus more on supply-side build options. This fundamental
22 paradigm shift must occur before significant gains in energy efficiency will be
23 achieved by utilities.

1 Q. IN YOUR VIEW, DOES DUKE ENERGY'S SAVE-A-WATT PROPOSAL
2 REPRESENT A RADICAL SHIFT IN RATEMAKING PHILOSOPHY?

3 A. No. Again, I believe it is creative and innovative, but it is not radical. Our save-a-
4 watt proposal relies on traditional PURPA avoided cost pricing, which is not
5 radically different from cost-of-service ratemaking, in that the cost of the avoided
6 supply-side resources form the basis for the ratemaking. At the same time, our
7 proposal recognizes the value of the energy efficiency services that will be provided
8 to customers, and is thus consistent with the longstanding concept of "value of
9 service" ratemaking.

10 Q. CAN YOU SUMMARIZE THE BENEFITS THE COMPANY'S
11 INNOVATIVE APPROACH TO ENERGY EFFICIENCY OFFERS?

12 A. Save-a-watt presents a win for our customers because it encourages the pursuit of all
13 cost-effective energy efficiency at a cost that is lower than supply-side alternatives;
14 it represents a win for our investors because the Company will be afforded the
15 opportunity to earn comparable earnings as it would with a supply-side investment;
16 and, it is a win for the environment because it makes energy efficiency, a zero
17 emissions resource, a prominent component of our resource portfolio.

18 Q. DOES THIS CONCLUDE YOUR PRE-FILED REBUTTAL TESTIMONY?

19 A. Yes.



NEWS RELEASE

*Duke Energy Corporation
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Jan. 9, 2008

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Duke Energy Receives Advocacy Excellence Award

CHARLOTTE, N.C. – Duke Energy today received the prestigious Advocacy Excellence Award from the Edison Electric Institute.

Duke Energy Chairman, President and CEO James E. Rogers accepted the award in recognition of the company's comprehensive advocacy program to promote energy efficiency with customers and employees, and at the federal, state and local levels.

A departure from current regulatory approaches, Duke Energy's efficiency model rewards the company only for energy efficiency results. Customers who actively participate in the programs would reduce their power bills – enough to more than offset program costs. Duke Energy has energy efficiency plans pending for regulatory review in North Carolina, South Carolina and Indiana, and expects to make similar filings this year in Ohio and Kentucky.

"Saving energy should be as much a part of a utility's mission as generating and delivering electricity," said Rogers. "In developing a new approach to energy efficiency,

- more -

- 2 -

we sought input from key stakeholders through a collaborative process that included statewide energy efficiency summits. Our collaboratives included customers, community leaders and environmental groups.”

EEl President Tom Kuhn added: “Utilities cannot expect to dramatically grow energy efficiency programs unless there is a fundamentally different approach, and Duke Energy has brought stakeholders together to find new approaches that can bring results. I want to congratulate Duke Energy for winning this year’s Advocacy Excellence Award.”

EEl is the association of U.S. shareholder-owned electric companies with membership representing 70 percent of the electric power industry. The Advocacy Excellence Award program recognizes member companies that actively pursue public policy advocacy efforts.

Duke Energy

Duke Energy, one of the largest electric power companies in the United States, supplies and delivers energy to approximately 4 million U.S. customers. The company has nearly 37,000 megawatts of electric generating capacity in the Midwest and the Carolinas, and natural gas distribution services in Ohio and Kentucky. In addition, Duke Energy has more than 4,000 megawatts of electric generation in Latin America, and is a joint-venture partner in a U.S. real estate company.

Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: www.duke-energy.com.

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